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Message Text

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ORIGIN ARA-20

INFO OCT-01 ISO-00 EB-11 STR-08 TRSE-00 COME-00 SS-20

AGR-20 FEA-02 OMB-01 CIEP-03 CEA-02 CIAE-00 INR-11

NSAE-00 RSC-01 SP-03 /103 R

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APPROVED BY ARA/ECP:WEKNEPPER
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EB/GCP:DDUNFORD (DRAFT)
STR:BSTEINBOCK (DRAFT)
TREASURY:JJOHNSON (DRAFT)
COMMERCE:RRODRIGUEZ (DRAFT)
---------- 068788
R 012003Z AUG 74
FM SECSTATE WASHDC
TO AMEMBASSY QUITO

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E.O. 11652: N/A
TAGS: ETRD
SUBJECT: INVENTORY OF ECUADOR TRADE PROBLEMS

1. ONE OF THE KEY AREAS OF LATIN AMERICAN CONCERN HAS BEEN THAT OF US-LATIN AMERICAN TRADE ISSUES. THIS WAS HIGHLIGHTED BY THE MEXICO CITY AND WASHINGTON FOREIGN MINISTERS' MEETINGS AND BY AMBASSADOR EBERLE'S TRADE CONSULTATION TRIP TO LATIN AMERICA. AS A FOLLOW-UP TO THE SECRETARY'S INITIATIVES IN THE TRADE FIELD, THE DEPARTMENT IS IDENTIFYING THE SIGNIFICANT COUNTRY-SPECIFIC TRADE PROBLEMS OF THE REGION.

2. IN THIS CONNECTION, THE DEPARTMENT HAS PREPARED A PRELIMINARY INVENTORY OF SIGNIFICANT TRADE ISSUES AFFECTING ECUADOR (SEE PARA. 3). THE ISSUES HAVE BEEN GROUPED UNDER FOUR GENERAL HEADINGS WHICH INCLUDE PROBLEMS THAT ECUADOR
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HAS WITH THE US AS WELL AS PROBLEMS WE HAVE WITH THEM.

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THE EMBASSY IS REQUESTED TO REVIEW THE LISTING AND SUBMIT ANY ADDITIONS OR COMMENTS BY AUGUST 9.

3.A. PRINCIPAL ECUADORIAN TRADE PROBLEMS WITH THE US:

MUSHROOMS: THE US MUSHROOM INDUSTRY CONTENDS THAT IT IS SUFFERING FROM FOREIGN COMPETITION, PRINCIPALLY FROM TAIWAN AND KOREA, AND IS SEEKING RELIEF IN THE FORM OF IMPORT RESTRAINTS. ECUADOR AND SOME OTHER LATIN AMERICAN COUNTRIES ARE SMALL BUT RAPIDLY GROWING SUPPLIERS. A PROBLEM MAY ARISE IF RESTRAINTS ARE IMPOSED THAT DO NOT ALLOW ADEQUATE ROOM FOR FURTHER GROWTH IN ECUADORIAN EXPORTS.

B. PRINCIPAL US TRADE PROBLEMS WITH ECUADOR:

1. ECUADOR, IN CONCERT WITH OTHER OPEC MEMBERS, HAS SHARPLY RAISED OIL PRICES TO A POINT WHERE THEY AFFECT ADVERSELY FOREIGN ECONOMIES, INCLUDING THAT OF THE US.

2. SHARE OF THE MARKET: THE US EXPORTED APPROXIMATELY 85 MILLION DOLLARS IN 1971, REPRESENTING SOME 34 PERCENT OF THE ECUADORIAN MARKET. WITH OIL REVENUES EXPECTED TO REACH NEARLY ONE BILLION DOLLARS IN 1974, THE ECUADORIAN MARKET WILL EXPAND SUBSTANTIALLY AND THUS REPRESENTS A PRIME TARGET FOR EXPORT PROMOTION AND TRADE LIBERALIZATION.

C. PRINCIPAL ECUADORIAN TRADE PROBLEMS WITH OTHER LATIN AMERICAN COUNTRIES:

BANANAS: GOE HAS NOT ACTED IN CONCERT WITH EFFORTS BY SOME CENTRAL AMERICAN BANANA PRODUCERS TO INCREASE TAX REVENUES FROM BANANA EXPORTS.

D. PRINCIPAL ECUADORIAN TRADE PROBLEMS WITH NON-HEMISPHERIC COUNTRIES: NONE IDENTIFIED. KISSINGER

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